



Statewide Factors With Impact

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

- State FTE - state employees perform many of the functions of the Department of Agriculture. Any decisions that change FTE will have a direct and immediate impact on the ability to deliver services/functions by the department. Since personal service costs account for 33 percent of on-budget expenditures, these costs will be a primary driver of total department costs. Factors affecting personal service costs include:
 - Professional/technical/educational requirements of FTE job descriptions
 - Cost of benefits
 - Years of service or longevity.

Statutory References

The primary statutory references defining Department of Agriculture duties and responsibilities are found at the following locations.

Montana Constitution, Article XII, Section 1
Title 80 - Agriculture

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The Legislative Fiscal Division

Presents:

Profile of...

Department of Agriculture

State of Montana



Agency Profile

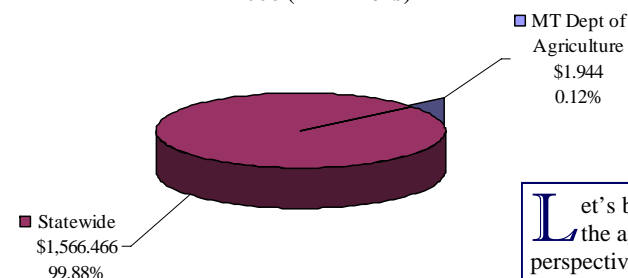
This agency profile will discuss...

- structure and funding
- primary functions and
- historical expenditures

The profile also includes information on how decisionmakers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at: <http://leg.mt.gov/css/fiscal/default.asp>

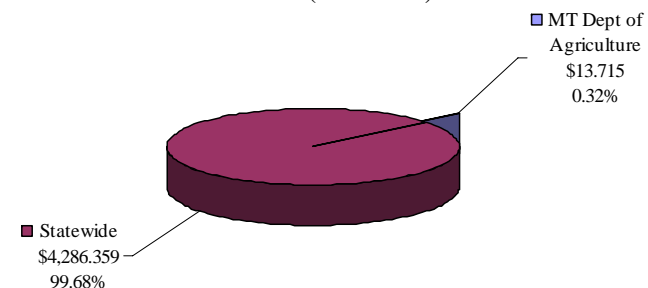
Sept 2006

General Fund Statewide Comparison FY 2006 (In Millions)



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison FY 2006 (In Millions)



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Section C
Natural Resources & Commerce



What the Agency Does

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, exists to promote the interests of agricultural and allied industries in Montana. To meet this mission the department, strengthens and diversifies the Montana agriculture industry through private-public partnerships, adopts standards for grade and other classifications of farm products, conducts market analysis for farm products, regulates food, fiber products, fertilizers and pesticides.



How Services Are Provided

The Department of Agriculture is organized into three divisions and a number of bureaus that perform the following program functions:

Agricultural Development Division works to promote and enhance growth and expansion of Montana agriculture, at both the producer level and the processing/manufacturing level. The division includes rural development, wheat and barley program, agriculture marketing and business and the state grain laboratory. The division employs 39.4 FTE.

Agricultural Science Division exists to support agriculture through regulation, certification, research, inspection and licensing related to environmental and consumer protection. 63.66 FTE handle pesticide and pest management, analytical laboratory services, noxious weed management, agricultural chemical ground water management and vertebrate pest management.

Central Management Division responsible for budgeting, accounting, payroll, and other administrative functions to support all department operations. These functions are managed by 13.0 FTE.

The Department of Agriculture provides services through both the employment of state FTE (personal service costs are 33 percent), and by funding service delivery through grants (36 percent of costs are grants). The largest FTE driven programs involve laboratory staff and science based positions involved with pesticide and groundwater management programs (education, technical assistance, testing, and licensing).



How the Legislature Can Effect Change

In order to change expenditure levels and/or Department of Agriculture activity, the legislature must address one or more of the following basic elements that drive most department costs.

- Grant and Loan/Financing program priorities – with 36 percent of all department expenditures coming in the form of grants (noxious weed management and Growth Through Agriculture), changes to the funding priorities will have a major impact on overall expenditures. Such changes may include defining eligibility criteria, identifying specific projects that are preferred and setting minimum or maximum amounts for grants. In addition, in Growth Through Agriculture there is the option of providing loans rather than grants.
- Economic development objectives – a primary function of the department is to administer programs that have an impact on expanding the agriculture economy. These economic development programs can be designed or amended by legislation that more clearly defines specific objectives, such as creating a specific number, type or wage level job, or creating a specific number or type of agriculture business enterprise.
- Groundwater and Pesticide Management programs – these environmental protection programs are a function of regulations (federal and state) that govern the use of pesticide and fertilizer, and the acceptable levels of contaminants. The definitions of these regulations and the contamination levels may be addressed in order to have an impact on these programs, although federal regulations must be kept in mind.
- Food inspection and regulation – these consumer protection programs are a function of regulations (federal and state) which can be changed or redefined in order to change program activities.



- In FY 2002 and 2003 there is a spike in federal special fund expenditures due to federal support of noxious weed management in areas affected by the wildfires of 2000. These are primarily pass-through funds, granted by the department to local communities for weed management activities.
- State special revenue expenditures rose by \$1.1 million in FY 2006 due to expansion in grants from the Wheat and Barley Commission and the noxious weed program.

Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes.

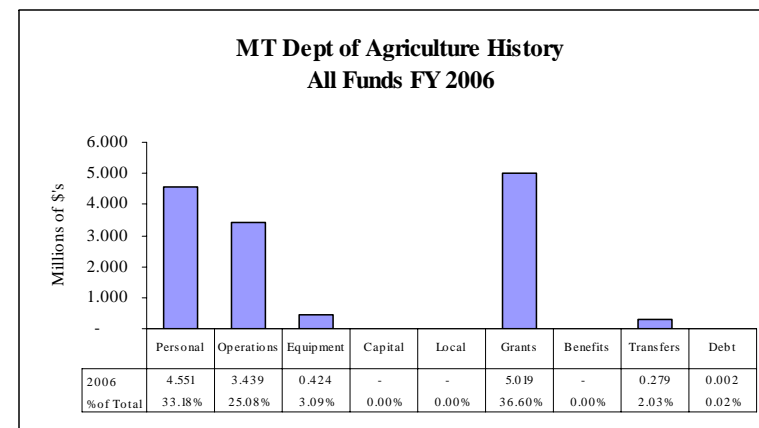
The following lists the major functions, purpose of provision of the functions, and primary customers served.

Overarching Policy Objectives	Major Agency Functions	Customers
Consumer/Citizen Protection	Pesticide management programs Commercial feed/fertilizer inspections Produce standards and inspections Ag. Commodities and nursery inspections	Producers ,general public and consumers
Economic/Business Development	Rural development and finance programs Hail insurance programs Agriculture statistics bulletin Agriculture research and marketing State grain laboratory Wheat and barley research and marketing Growth through agriculture (grants/loans) Organic certification program Rural cooperative development center	Agriculture producers, grain growers, agricultural business ventures, grocers and consumers.
Protect, Enhance, Remediate Natural Resources	Noxious weed management program Groundwater management program	General public



The primary grant driven programs include noxious weed management, which mostly funds county-level efforts to eradicate weeds, and development grants in Growth Through Agriculture.

Most Department of Agriculture programs are delivered with the guidance and participation of constituent organizations that have a stake in the department mission. Therefore, there are a number of advisory councils and boards working with department FTE.

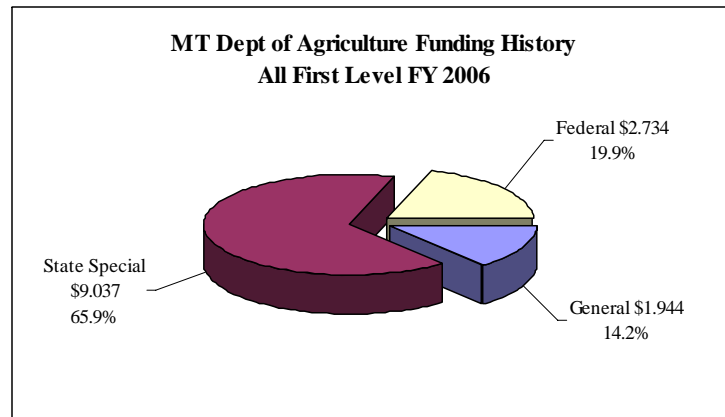


How Services Are Funded

The Department of Agriculture is primarily funded from state special revenue, which includes producer fees for licensing and inspection, income-tax check off by producers, noxious weed administration funds (from automobile registration fees), and coal severance tax shared revenue to support development, among the largest sources.

Federal special revenue supports noxious weed mitigation, portions of the BSE inspections, promotions and marketing programs.

General fund primarily supports production of the annual statistics bulletin, noxious weed management, agriculture promotions, and administration.



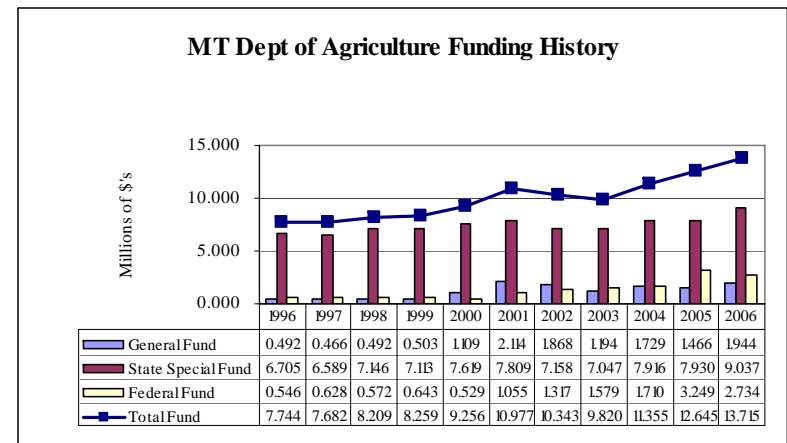
Related Data & Statistics



Element	2004	2006	Significance of Data
Number/Dollar Amount of Growth Through Ag. Grants/Loans	\$792,727	\$1,408,926	Indicates demand for program and impact on agriculture economy
Total Amount of charge for services in the state Grain Lab	\$341,000	\$404,541	Indicates demand for this service and revenue levels
Number of acres in agriculture production in Montana	56.7 million	60.1 million	Indicates size of agriculture economy
Number of farms/ranches in Montana	28,000	28,000	Indicates size of agriculture constituency
Wheat area harvested	5 million acres	5.2 million acres	Indicates size of agriculture land in Montana
Number of organic producers	105	116	Indicates demand for certification program



Expenditure History



Reasons for Expenditure Growth/Change



In FY 2000 and 2001 there is a \$500,000 per year spike in general fund expenditures due to:

- The 2001 biennial appropriation of \$1.0 million for the Agricultural Heritage Preservation Program to support purchasing land easements and expenses for the preservation council.
- Moderate increases to support computer technology upgrades in the Central Management Division.
- Following that two-year spike, general fund expenditures decline but do not return to the 1999 level, as two biennial appropriations in 2003 keep expenditures higher in the Agricultural Sciences Division:
 - A one-time-appropriation of \$100,000 per year for noxious weed management
 - A one-time-appropriation for \$42,000 per year to support the new organic certification program (this expenditure is moved to state special funding in the subsequent biennium)
- General fund expenditures rose again in FY 2006 due to the expansion of BSE testing of livestock feed for \$66,200.